



House of Representatives

General Assembly

File No. 261

January Session, 2009

Substitute House Bill No. 6413

House of Representatives, March 26, 2009

The Committee on Housing reported through REP. GREEN of the 1st Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT REVISING CERTAIN HOUSING STATUTES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 8-114d of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) The Commissioner of Economic and Community Development
4 shall award grants-in-aid to housing authorities, municipal developers,
5 [and] nonprofit corporations and housing partnerships operating
6 elderly housing projects pursuant to this part to hire resident services
7 coordinators to (1) facilitate conflict resolution between residents,
8 including between seniors and younger residents, (2) establish and
9 maintain relationships with community service providers and link
10 residents to appropriate community services, (3) act as a liaison to
11 assist in problem solving, (4) assist residents of such housing to
12 maintain an independent living status, (5) assess the individual needs
13 of residents of such housing for the purpose of establishing and
14 maintaining support services, (6) provide orientation services to new
15 residents and maintain regular contact with residents of such housing,

16 (7) monitor the delivery of support services to residents of such
17 housing, (8) organize resident activities and meetings that promote
18 socialization among all residents, and (9) advocate changes in services
19 sought or required by residents of such housing. The commissioner
20 shall award grants-in-aid based on demonstration of need and
21 availability of matching funds. A joint application made by more than
22 one housing authority, municipal developer, [or] nonprofit corporation
23 or housing partnership shall have the same preference as an
24 application made by one housing authority, municipal developer, [or]
25 nonprofit corporation or housing partnership.

26 (b) The employment of resident services coordinators by a housing
27 authority, municipal developer, [or] nonprofit corporation or housing
28 partnership operating elderly housing projects pursuant to this part
29 shall be considered an allowable expense.

30 (c) The Commissioner of Economic and Community Development
31 may convene monthly meetings of the resident services coordinators
32 for in-service training and information sharing. Training topics shall
33 include, but not be limited to, the health care needs of seniors and
34 persons with disabilities, mediation and conflict resolution, and local
35 and regional service resources.

36 Sec. 2. Section 8-119h of the general statutes is repealed and the
37 following is substituted in lieu thereof (*Effective from passage*):

38 Upon preliminary approval by the State Bond Commission
39 pursuant to the provisions of section 3-20, the state, acting by and
40 through the Commissioner of Economic and Community
41 Development, may enter into a contract or contracts with an authority,
42 a municipal developer, [or] a nonprofit corporation or a housing
43 partnership for state financial assistance for a congregate housing
44 project, in the form of capital grants, interim loans, permanent loans,
45 deferred loans or any combination thereof for application to the
46 development cost of such project or projects. A contract with an
47 authority, a municipal developer, a nonprofit corporation or a housing
48 partnership may provide that in the case of any loan made in

49 conjunction with any housing assistance funds provided by an agency
50 of the United States government, if such housing assistance funds
51 terminate prior to complete repayment of a loan made pursuant to this
52 section, the remaining balance of such loan may be converted to a
53 capital grant or decreased loan. Any such state assistance contract with
54 an authority, a municipal developer, a nonprofit corporation or a
55 housing partnership for a capital grant or loan entered into prior to the
56 time housing assistance funds became available from an agency of the
57 United States government, may, upon the mutual consent of the
58 commissioner and the authority, a municipal developer, a nonprofit
59 corporation or a housing partnership, be renegotiated to provide for a
60 loan or increased loan in the place of a capital grant or loan or a part
61 thereof, consistent with the above conditions. Such capital grants or
62 loans shall be in an amount not in excess of the development cost of
63 the project or projects, including, in the case of grants or loans financed
64 from the proceeds of the state's general obligation bonds issued
65 pursuant to any authorization, allocation or approval of the State Bond
66 Commission made prior to July 1, 1990, administrative or other cost or
67 expense to be incurred by the state in connection therewith, as
68 approved by said commissioner. In anticipation of final payment of
69 such capital grants or loans, the state, acting by and through said
70 commissioner and in accordance with such contract, may make
71 temporary advances to the authority, municipal developer, [or]
72 nonprofit corporation or housing partnership for preliminary planning
73 expense or other development cost of such project or projects. Any
74 loan provided pursuant to this section shall bear interest at a rate to be
75 determined in accordance with subsection (t) of section 3-20. Any such
76 authority, municipal developer, [or] nonprofit corporation or housing
77 partnership may, subject to the approval of the Commissioner of
78 Economic and Community Development, contract with any other
79 person approved by the Commissioner of Economic and Community
80 Development for the operation of a project undertaken pursuant to this
81 part.

82 Sec. 3. Section 8-119l of the general statutes is repealed and the
83 following is substituted in lieu thereof (*Effective from passage*):

84 The state, acting by and through the Commissioner of Economic
85 and Community Development, may enter into a contract or contracts
86 with an authority, a municipal developer, [or] a nonprofit corporation
87 or a housing partnership for state financial assistance in the form of a
88 grant-in-aid for an operating cost subsidy for state-financed congregate
89 housing projects developed pursuant to this part. In calculating the
90 amount of the grant-in-aid, the commissioner shall use adjusted gross
91 income of tenants. As used in this section, "adjusted gross income"
92 means annual aggregate income from all sources minus fifty per cent
93 of all unreimbursable medical expenses.

94 Sec. 4. Section 8-119x of the general statutes is repealed and the
95 following is substituted in lieu thereof (*Effective from passage*):

96 The Commissioner of Economic and Community Development
97 shall, in consultation with the Department of Social Services, the State
98 Building Inspector, the Office of Protection and Advocacy for Persons
99 with Disabilities, the Department of Information and Technology and
100 the Office of Policy and Management, establish a state-wide electronic
101 database of information on the availability of dwelling units in the
102 state which are accessible to or adaptable for persons with disabilities.
103 [Such] To the extent practicable, such database shall include such
104 information as: (1) The location of, the monthly rent for and the
105 number of bedrooms in each such dwelling unit, (2) the type of
106 housing and neighborhood in which each such dwelling unit is
107 located, (3) the vacancy status of each such dwelling unit, (4) if a unit is
108 unavailable, the date such unit is expected to become available or the
109 date when a waiting list is expected to open, and (5) any feature of
110 each such unit that makes it accessible to or adaptable for persons with
111 disabilities. [To the extent feasible, the Commissioner of Economic and
112 Community Development shall use information from the computer-
113 assisted mass appraisal systems.]

114 Sec. 5. Section 8-410 of the general statutes is repealed and the
115 following is substituted in lieu thereof (*Effective from passage*):

116 (a) As used in this section, "eligible applicant" means: (1) A

117 nonprofit entity; (2) a municipal developer; (3) a housing authority; (4)
118 a business corporation incorporated pursuant to chapter 601 or any
119 predecessor statutes thereto or authorized to do business pursuant to
120 chapter 601 having as one of its purposes the construction, financing,
121 acquisition, rehabilitation or operation of affordable housing, and
122 having a certificate or articles of incorporation approved by the
123 Commissioner of Economic and Community Development; (5) any
124 partnership, limited partnership, limited liability company, joint
125 venture, sole proprietorship, trust or association having as one of its
126 purposes the construction, financing, acquisition, rehabilitation or
127 operation of affordable housing; or (6) any combination thereof if such
128 combination includes a nonprofit corporation, housing authority or
129 municipal developer.

130 [(a)] (b) There is established a fund to be known as the "Low and
131 Moderate Income Housing Predevelopment Cost Revolving Loan
132 Fund". The fund shall contain any moneys required by law to be
133 deposited in the fund. Any balance remaining in the fund at the end of
134 any fiscal year shall be carried forward in the fund for the fiscal year
135 next succeeding. The fund shall be used to make loans pursuant to
136 subsection [(b)] (c) of this section and to pay reasonable and necessary
137 expenses incurred in administering loans under this section. The
138 Commissioner of Economic and Community Development may enter
139 into a contract with a nonprofit corporation to provide for the
140 administration of the Low and Moderate Income Housing
141 Predevelopment Cost Revolving Loan Fund by such nonprofit
142 corporation, provided no loan shall be made from the fund without the
143 authorization of the commissioner as provided in subsection [(b)] (c) of
144 this section.

145 [(b)] (c) The state, acting by and in the discretion of the
146 Commissioner of Economic and Community Development, may enter
147 into a contract to provide financial assistance in the form of interest-
148 free loans or deferred loans to [nonprofit corporations, housing
149 authorities or municipal developers, or to partnerships which include
150 a nonprofit corporation, housing authority or municipal developer,] an

151 eligible applicant for predevelopment costs incurred in connection
152 with the construction, rehabilitation or renovation of housing for low
153 and moderate income persons and families. Such predevelopment
154 costs may include: (1) Feasibility studies, (2) expenses incurred in
155 project planning and design, including architectural expenses, (3) legal
156 and financial expenses, (4) expenses incurred in obtaining required
157 permits and approvals, (5) options to purchase land, (6) expenses
158 incurred in obtaining required insurance, and (7) other preliminary
159 expenses authorized by the commissioner. Notwithstanding the
160 provisions of this section, financial assistance shall be limited to
161 predevelopment costs incurred in connection with the construction,
162 rehabilitation or renovation of housing for low and moderate income
163 persons and families in the case of an eligible applicant that is a (A)
164 business corporation incorporated pursuant to chapter 601 or any
165 predecessor statutes thereto or authorized to do business pursuant to
166 chapter 601 having as one of its purposes the construction, financing,
167 acquisition, rehabilitation or operation of affordable housing and
168 having a certificate or articles of incorporation approved by the
169 commissioner, or (B) partnership, limited partnership, limited liability
170 company, joint venture, sole proprietorship, trust or association having
171 as one of its purposes the construction, financing, acquisition,
172 rehabilitation or operation of affordable housing. Repayment of [such]
173 loans or deferred loans shall be made upon receipt of permanent
174 financing by the borrower, except the commissioner may forgive any
175 such loan or deferred loan in any case where the forgiveness of such
176 loan is in the best interest of the state and the borrower (i) is an eligible
177 applicant that is a nonprofit entity, a municipal developer or a housing
178 authority, or any combination thereof, if such combination includes a
179 nonprofit corporation, housing authority or municipal developer, (ii)
180 has made a good faith effort to obtain permanent financing, and (iii)
181 has been refused such financing. [and where the forgiveness of such
182 loan is in the best interest of the state.] If the eligible applicant is an
183 entity described in subparagraph (A) or (B) of this subsection, the
184 commissioner may forgive a portion of such loan or deferred loan
185 based on the location of the housing as follows: (I) If the housing is

186 located in a municipality that meets the affordable housing criteria set
187 forth in subsection (k) of section 8-30g, then the commissioner may
188 forgive up to one hundred per cent of such loan or deferred loan, and
189 (II) if the housing is located in a municipality that does not meet the
190 affordable housing criteria set forth in subsection (k) of said section 8-
191 30g, then the commissioner may forgive up to fifty per cent of such
192 loan or deferred loan. Payments of principal on such loans or deferred
193 loans shall be paid to the Treasurer for deposit in the Housing
194 Repayment and Revolving Loan Fund. [In the case of a deferred loan,
195 the contract shall require that payments on interest are due
196 immediately but that payments on principal may be made at a later
197 time.]

198 Sec. 6. Section 8-336m of the general statutes is repealed and the
199 following is substituted in lieu thereof (*Effective from passage*):

200 As used in this [section] chapter the following terms shall have the
201 following meanings, unless the context clearly indicates a different
202 meaning or intent:

203 (1) "Authority" means the Connecticut Housing Finance Authority.

204 (2) "Commissioner" means the Commissioner of Economic and
205 Community Development.

206 (3) "Department" means the Department of Economic and
207 Community Development.

208 (4) "Eligible applicant" means: (A) A nonprofit entity; (B) a
209 municipality; (C) a housing authority; (D) a business corporation
210 incorporated pursuant to chapter 601 or any predecessor statutes
211 thereto or authorized to do business pursuant to said chapter 601
212 having as one of its purposes the construction, financing, acquisition,
213 rehabilitation or operation of affordable housing, and having a
214 certificate or articles of incorporation approved by the commissioner;
215 (E) any partnership, limited partnership, limited liability company,
216 joint venture, sole proprietorship, trust or association having as one of

217 its purposes the construction, financing, acquisition, rehabilitation or
218 operation of affordable housing; (F) the Connecticut Housing Finance
219 Authority; (G) a municipal developer; (H) any community
220 development financial institution; or (I) any combination thereof.

221 (5) "Housing", "housing development" or "development" means a
222 work or undertaking having as its primary purpose the provision of
223 safe, well-designed and adequate housing and related facilities for low
224 and moderate income families and persons and includes existing
225 housing for low and moderate income families and persons and
226 housing whose primary purpose is to provide dwelling
227 accommodations for low and moderate income families and persons
228 but has dwelling accommodations for others.

229 (6) "Housing Trust Fund" or "fund" means the Housing Trust Fund
230 created under section 8-336o.

231 (7) "Housing Trust Fund program" or "program" means the housing
232 trust fund program developed and administered under section 8-336p.

233 (8) "Low and moderate income families and persons" means families
234 and persons whose income falls within the income levels set by the
235 commissioner pursuant to regulations adopted under subsection (a) of
236 section 8-336q, except that the commissioner may establish income
237 levels up to and including one hundred twenty per cent of the area
238 median income, as determined by the United States Department of
239 Housing and Urban Development.

240 (9) "Municipal developer" means a municipality acting by and
241 through its legislative body, except that in any town in which a town
242 meeting or representative town meeting is the legislative body,
243 "municipal developer" means the board of selectmen if such board is
244 authorized to act as the municipal developer by the town meeting or
245 representative town meeting.

246 (10) "Secretary" means the Secretary of the Office of Policy and
247 Management.

248 (11) "State Bond Commission" means the commission established
249 under section 3-20.

250 (12) "Treasurer" means the State Treasurer and includes each
251 successor in office or authority.

252 Sec. 7. Section 8-336o of the general statutes is repealed and the
253 following is substituted in lieu thereof (*Effective from passage*):

254 (a) There is established the "Housing Trust Fund" which shall be a
255 nonlapsing fund held by the Treasurer separate and apart from all
256 other moneys, funds and accounts. The following funds shall be
257 deposited in the fund: (1) Proceeds of bonds authorized by section 8-
258 336n; (2) all moneys received in return for financial assistance awarded
259 from the Housing Trust Fund pursuant to the Housing Trust Fund
260 program established under section 8-336p, as amended by this act;
261 [and] (3) all private contributions received pursuant to section 8-336p,
262 as amended by this act; and (4) to the extent not otherwise prohibited
263 by state or federal law, any federal housing funds or other public
264 funds received. Investment earnings credited to the assets of said fund
265 shall become part of the assets of said fund. The Treasurer shall invest
266 the moneys held by the Housing Trust Fund subject to use for financial
267 assistance under the Housing Trust Fund program.

268 (b) Any moneys held in the Housing Trust Fund may, pending the
269 use or application of the proceeds thereof for an authorized purpose,
270 be (1) invested and reinvested in such obligations, securities and
271 investments as are set forth in subsection (f) of section 3-20, in
272 participation certificates in the Short Term Investment Fund created
273 under sections 3-27a and 3-27f and in participation certificates or
274 securities of the Tax-Exempt Proceeds Fund created under section 3-
275 24a, (2) deposited or redeposited in such bank or banks at the direction
276 of the Treasurer, or (3) invested in participation units in the combined
277 investment funds, as defined in section 3-31b. Unless otherwise
278 provided pursuant to subsection (c) of this section, proceeds from
279 investments authorized by this subsection shall be credited to the
280 Housing Trust Fund.

281 (c) The moneys [of] held in the Housing Trust Fund shall be used to
282 fund the Housing Trust Fund program established under section 8-
283 336p, as amended by this act, and are in addition to any other
284 resources available from state, federal or other entities that support the
285 program goals established in said section 8-336p.

286 (d) (1) The commissioner may select an eligible applicant to be a
287 third-party contract administrator to administer a revolving loan fund
288 or to carry out some of the duties of the department under the Housing
289 Trust Fund program. The third-party contract administrator shall be
290 selected through a competitive process in the case of a contract having
291 a cost of more than fifty thousand dollars. No more than fifteen per
292 cent of the cost of the contract may be used for administrative
293 expenses.

294 (2) Moneys held in the Housing Trust Fund may be used by the
295 department and awarded to a third-party contract administrator for
296 the purpose of establishing or maintaining a revolving loan fund,
297 provided all outstanding loans are assigned to the department when
298 the third-party contract administrator is (A) no longer administering
299 the revolving loan fund; (B) in default of its obligations to the
300 department; or (C) no longer functioning as an entity.

301 Sec. 8. Subsection (d) of section 8-336p of the general statutes is
302 repealed and the following is substituted in lieu thereof (*Effective from*
303 *passage*):

304 (d) The Commissioner of Economic and Community Development
305 may, with the approval of the Secretary of the Office of Policy and
306 Management, solicit and accept contributions from private entities,
307 nonprofit and for-profit corporations, philanthropic organizations and
308 financial institutions, to support and expand the resources available
309 through the Housing Trust Fund. All such funds shall be deposited in
310 the Housing Trust Fund. Funding from any other local, state or federal
311 agency may be deposited into the Housing Trust Fund, provided the
312 programmatic requirements of such agency does not conflict with the
313 purposes of the Housing Trust Fund program.

314 Sec. 9. Section 8-37yy of the general statutes is repealed and the
315 following is substituted in lieu thereof (*Effective from passage*):

316 (a) The Department of Economic and Community Development
317 shall, in consultation with the State-Assisted Housing Sustainability
318 Advisory Committee, established pursuant to section 8-37zz,* establish
319 and maintain the State-Assisted Housing Sustainability Fund for the
320 purpose of the preservation of eligible housing. The moneys of the
321 fund shall be available to the department to provide financial
322 assistance to the owners of eligible housing for the maintenance,
323 repair, rehabilitation, and modernization of eligible housing and for
324 other activities consistent with preservation of eligible housing,
325 including, but not limited to, (1) emergency repairs to abate actual or
326 imminent emergency conditions that would result in the loss of
327 habitable housing units, (2) major system repairs or upgrades,
328 including, but not limited to, repairs or upgrades to roofs, windows,
329 mechanical systems and security, (3) reduction of vacant units, (4)
330 remediation or abatement of hazardous materials, including lead, (5)
331 increases in development mobility and sensory impaired accessibility
332 in units, common areas and accessible routes, (6) relocation costs and
333 alternative housing for not more than sixty days, necessary because of
334 the failure of a major building system, and (7) a comprehensive
335 physical needs assessment. Financial assistance shall be awarded to
336 applicants consistent with standards and criteria adopted in
337 consultation with the [recommendations of the State-Assisted Housing
338 Sustainability Advisory Committee] Joint Standing Committee of the
339 General Assembly on Housing.

340 (b) In each of the fiscal years ending June 30, 2008, and June 30,
341 2009, the department may expend not more than seven hundred fifty
342 thousand dollars from the fund for reasonable administrative costs
343 related to the operation of the fund, including the expenses of the
344 State-Assisted Housing Sustainability Advisory Committee, the
345 development of analytic tools and research concerning the capital and
346 operating needs of eligible housing for the purpose of advising the
347 General Assembly on policy regarding eligible housing and the study

348 required by section 107 of public act 07-4 of the June special session*.
349 Thereafter, the department shall prepare an administrative budget.
350 [which shall be effective upon the approval of said committee.]

351 (c) [(1)] The department [shall] may adopt regulations, in
352 accordance with chapter 54, to implement the provisions of this section
353 and sections 8-37xx, 8-37zz and 8-37aaa. Such regulations shall
354 establish (A) guidelines for grants and loans, and (B) a process for
355 certifying an emergency condition in not more than forty-eight hours
356 and for committing emergency funds, including costs of resident
357 relocation, if necessary, not more than five business days after
358 application by the owner of eligible housing for emergency repair
359 financial assistance. [The guidelines under subparagraph (A) of this
360 subdivision shall provide for deferred payment of principal and
361 interest upon approval of the committee.]

362 (2) The department shall adopt written policies and procedures to
363 implement such provisions while in the process of adopting such
364 policies and procedures in regulation form, and the commissioner shall
365 print a notice of intention to adopt the regulations in the Connecticut
366 Law Journal not later than twenty days prior to implementing such
367 policies and procedures. The department shall submit final regulations
368 to implement said sections to the legislative regulation review
369 committee not later than October 1, 2009. Policies and procedures
370 implemented pursuant to this subdivision shall be valid until the time
371 final regulations are effective.]

372 (d) In reviewing applications and providing financial assistance
373 under this section, the department, in consultation with the [State-
374 Assisted Housing Sustainability Advisory Committee] Joint Standing
375 Committee of the General Assembly on Housing, shall consider the
376 [long term] long-term viability of the eligible housing and the
377 likelihood that financial assistance will assure such long term viability.
378 As used in this section, "viability" includes, but is not limited to,
379 continuous habitability and adequate operating cash flow to maintain
380 the existing physical plant and any capital improvements and to

381 provide basic services required under the lease and otherwise required
382 by local codes and ordinances.

383 (e) On or before February 1, 2009, and annually thereafter, the
384 department [, in consultation with the State-Assisted Housing
385 Sustainability Advisory Committee,] shall submit a report on the
386 operation of the fund, for the previous calendar year, to the General
387 Assembly, in accordance with section [11-4a] 32-1m, as amended by
388 this act. The report shall include an analysis of the distribution of
389 funds and an evaluation of the performance of said fund and may
390 include recommendations for modification to the program.

391 Sec. 10. Section 8-37zz of the general statutes is repealed and the
392 following is substituted in lieu thereof (*Effective from passage*):

393 (a) There is established a State-Assisted Housing Sustainability
394 Advisory Committee. The committee shall consist of the following
395 members:

396 (1) One appointed by the speaker of the House of Representatives,
397 who may be a member of the General Assembly;

398 (2) One appointed by the president pro tempore of the Senate, who
399 may be a member of the General Assembly;

400 (3) One appointed by the majority leader of the House of
401 Representatives, who shall represent a housing authority with one
402 hundred or more but less than two hundred fifty units of eligible
403 housing and be appointed from a list submitted by the Connecticut
404 Chapter of the National Association of Housing and Redevelopment
405 Officials;

406 (4) One appointed by the majority leader of the Senate, who shall
407 represent a housing authority with fewer than one hundred units of
408 eligible housing and be appointed from a list submitted by the
409 Connecticut Chapter of the National Association of Housing and
410 Redevelopment Officials;

411 (5) One appointed by the minority leader of the House of
412 Representatives, who shall represent a housing authority with two
413 hundred fifty or more units of eligible housing and be appointed from
414 a list submitted by the Connecticut Chapter of the National
415 Association of Housing and Redevelopment Officials;

416 (6) One appointed by the minority leader of the Senate, who shall
417 represent a housing authority with fewer than one hundred units of
418 eligible housing and be appointed from a list submitted by the
419 Connecticut Chapter of the National Association of Housing and
420 Redevelopment Officials;

421 (7) Four appointed by the Governor;

422 (8) The State Treasurer, or the Treasurer's designee; and

423 (9) The State Comptroller, or the Comptroller's designee.

424 (b) The committee shall meet at least quarterly and shall advise the
425 Commissioner of Economic and Community Development and the
426 Connecticut Housing Finance Authority on the administration,
427 management, procedures and objectives of the financial assistance
428 provided pursuant to section 8-37yy, as amended by this act,
429 including, but not limited to, the [establishment of criteria, priorities
430 and procedures for such financial assistance and the] adoption of
431 regulations pursuant to section 8-37yy, as amended by this act.

432 (c) The chairperson and vice-chairperson of the committee shall be
433 selected by the committee from among its members. The chairperson,
434 or the vice-chairperson in the absence of the chairperson, may establish
435 subcommittees and working groups of the members as needed and
436 designate a chairperson of each such subcommittee.

437 (d) The initial term of the members appointed to the committee
438 pursuant to subdivisions (1) to (7), inclusive, of subsection (a) of this
439 section shall be staggered by lottery conducted by the committee. After
440 the initial term, the terms of all members shall be three years. Members
441 may be reappointed for an unlimited number of terms.

442 Sec. 11. Subsection (a) of section 32-1m of the general statutes is
 443 amended by adding subdivision (17) as follows (*Effective from passage*):

444 (NEW) (17) A report on the State-Assisted Housing Sustainability
 445 Fund along with an analysis of the distribution of funds, an evaluation
 446 of the performance of the fund and any recommendations for
 447 modification of the program established by said section 8-37yy, as
 448 amended by this act, if any.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	8-114d
Sec. 2	<i>from passage</i>	8-119h
Sec. 3	<i>from passage</i>	8-119l
Sec. 4	<i>from passage</i>	8-119x
Sec. 5	<i>from passage</i>	8-410
Sec. 6	<i>from passage</i>	8-336m
Sec. 7	<i>from passage</i>	8-336o
Sec. 8	<i>from passage</i>	8-336p(d)
Sec. 9	<i>from passage</i>	8-37yy
Sec. 10	<i>from passage</i>	8-37zz
Sec. 11	<i>from passage</i>	32-1m(a)

Statement of Legislative Commissioners:

In section 7(a), the sentence specifying that investment earnings credited to the assets of the fund not become a part of the assets of the fund was deleted for consistency with the other provisions of the section, and in the next to last sentence of section 7(a) "such funds" was changed to "the fund" for consistency within the same subsection.

HSG *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 10 \$	FY 11 \$
Department of Economic & Community Development	GF - See Below	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill allows for-profit entities to qualify for financial assistance for predevelopment costs incurred in connection with the construction, rehabilitation, or renovation of housing for low and moderate income persons and families under certain conditions. To the extent that more entities will qualify, the funding sources utilized to provide such financial assistance will be expended more rapidly than they otherwise would have been. Approximately \$100 million is currently available from various housing funding sources and could be used to support the predevelopment loan program.

The bill also allows a third party contractor to administer a revolving loan fund or perform duties under the Housing Trust Fund program, with administrative expenses not to exceed 15 percent of the contract cost. This change could result in 1) funds being expended more quickly than they would be if the Department of Economic and Community Development (DECD) remained the administrator; and 2) a minimal decrease in funding to the extent that the contractors administrative expenses would exceed those of DECD. However, the bill also allows funding from certain sources to be deposited into the Housing Trust Fund, which could increase the fund balance. To date, approximately \$90 million in the Housing Trust Fund has been authorized to DECD, of which \$40 million has been approved by the

State Bond Commission. An additional \$20 million is available for authorization effective July 1, 2009.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 6413*****AN ACT REVISING CERTAIN HOUSING STATUTES.*****SUMMARY:**

This bill modifies several Department of Economic and Community Development (DECD) programs.

The bill:

1. adds “housing partnerships” as eligible recipients of DECD grants or loans to hire resident service coordinators (RSCs) and build and operate congregate housing;
2. expands eligibility for (a) DECD’s Low- and Moderate-Income Housing Predevelopment Cost Revolving Loan Fund, making for-profit developers eligible for the program, and changing repayment requirements, and (b) DECD-administered Housing Trust Fund Program funding, allowing third-party contractors to receive funds to administer a revolving loan fund or undertake some the department’s program duties;
3. authorizes (a) the Housing Trust Fund to accept housing or other public funds not otherwise prohibited by federal and state law and (b) DECD to accept both federal and other government funds if the applicable agency’s programmatic requirements do not conflict with the trust fund’s purposes;
4. allows DECD’s data collection for a database of housing that is accessible or adaptable to people with disabilities be completed “to the extent practicable,” among other things; and
5. changes reporting requirements for the State-Assisted Housing

Sustainability Fund.

It also makes technical and conforming changes.

EFFECTIVE DATE: Upon passage

DECD HOUSING PROGRAM MODIFICATION

Public Housing for the Elderly

By law, a “housing partnership” means any partnership, limited partnership, joint venture, trust or association consisting of:

1. a housing authority, a nonprofit corporation, or both and
2. for-profit (a) business corporation or partnership, limited partnership, joint venture, trust, limited liability company, or association that has as one of its purposes the construction, rehabilitation, ownership or operation of housing, and basic organizational documents that DECD approves in accordance with its regulations for public housing developers, or (b) a combination of these entities.

The bill makes these partnerships, and thus for profit-entities, eligible for DECD funding to hire RSCs and to receive DECD funding for congregate housing (Housing for Elderly Persons programs).

Low- and Moderate-Income Housing Predevelopment Cost Revolving Loan Fund

Under current law, DECD’s commissioner may provide loans or deferred loans under the low- and moderate-income predevelopment cost program for nonprofit corporations, housing authorities, municipal developers, or partnerships that include these entities. The bill allows for-profit corporations and partnerships to qualify when they have affordable housing construction, financing, acquisition, rehabilitation or operation as one of their purposes. But it limits financial assistance to such entities to predevelopment costs related to construction, rehabilitation, or renovation of low- and moderate-income housing. Current law allows such nonprofit corporations,

housing authorities, municipal developers, or combinations to also receive financing for other costs, such as feasibility studies and land purchases. The bill changes “nonprofit corporations” to “nonprofit entities.”

The bill extends the loan forgiveness the law allows DECD to grant nonprofit loan recipients to for-profit entities, or a combination of these, when it is (1) in the best interest of the state and (2) the entity has made a good faith effort to obtain permanent financing. However, the bill pegs the amount of a for-profit’s loan DECD may forgive to the amount of affordable housing in the town where the project is located. Thus, if more than 10% of the housing stock in the town where the project is located is affordable as defined under the Affordable Housing Land Use Appeals Procedure (see BACKGROUND), then DECD may forgive 100%. If the town has less than 10% affordable housing, DECD may only forgive 50% of the loan.

By law, principal payments of the loans must be made to the treasurer and deposited in to the Housing Repayment and Revolving Loan Fund. Under current law, the contract awarding a deferred loan must include a provision that interest payments are due immediately, but principal payments may be made later. The bill eliminates this requirement.

Housing Trust Fund Program

The bill allows DECD’s commissioner to select an eligible applicant to be a third-party contract administrator to administer a revolving loan fund or to carry out some of the duties of the department under the program. (The bill extends the existing Housing Trust Fund law’s definition of an “eligible applicant” to cover the program and fund, i.e., this provision.) It specifies that (1) the third-party contract administrator must be selected through a competitive process in the case of a contract having a cost of more than \$50,000 and (2) no more than 15% of the cost of the contract may be used for administrative expenses.

The bill authorizes DECD to use funds held in the Housing Trust Fund to make awards to third-party contract administrators to establish or maintain a revolving loan fund. But all outstanding loans are assigned to the department when the third-party contract administrator is (1) no longer administering the revolving loan fund; (2) in default of its obligations to the department; or (3) no longer functioning as an entity.

By law, DECD administers the Housing Trust Fund program, which encourages housing for homeownership creation at a cost that will enable low- and moderate-income families to afford it while paying no more than 30% of gross household income on it, among other things.

Database on Housing Units that Are Accessible or Adaptable for People with Disabilities

The law requires DECD to establish a database of housing units that are accessible or adaptable for people with disabilities. The law requires the database to include unit information such as (1) location, rent, and number of bedrooms; (2) housing type and neighborhood; and (3) vacancy status and when it may be available, if applicable. The bill requires DECD, “to the extent practicable,” to include this information. It also requires the database to state when a waiting list for such units may open. It eliminates the requirement that DECD’s commissioner, to the extent feasible, use the computer-assisted mass appraisal systems.

State-Assisted Housing Sustainability Fund

The law requires DECD and the State-Assisted Housing Sustainability Fund Advisory Committee to establish and maintain the State-Assisted Housing Sustainability Fund. Under current law, DECD awards financial assistance in consultation with the advisory committee. The bill instead requires DECD to do so in consultation with General Assembly’s Housing Committee. It no longer requires DECD’s administrative budget for the fund to be subject to Housing Committee approval. It allows rather than requires DECD to adopt regulations for the fund.

The bill also eliminates the requirement that DECD's annual report on fund operation be completed in consultation with the advisory committee, and makes the report part of a larger report on DECD's activities that the law requires DECD to complete annually.

BACKGROUND

Affordable Housing Land Use Procedure

The affordable housing land use appeals procedure (CGS § 8-30g) is a set of rules developers and towns must follow when a developer sues a town for rejecting an affordable housing project. In regular zoning appeals, the developer must convince the court that the town broke the law by rejecting his or her project (i.e., the developer has the burden of proof). The affordable housing procedure puts the burden on towns.

Towns that do not have at least 10% of their dwelling units as affordable are subject to the procedure. Under this law, affordable units are those built, purchased, or rented with government money. They include public housing units, homes purchased with low-interest government loans, and government subsidized rents. They also include units where deeds restrict their sale or rental to low- and moderate-income people. (Connecticut law bases affordability on the proportion of income a family spends on housing. A unit is affordable if a family earning no more than the municipality's median income pays no more than 30% of its income for the housing.)

COMMITTEE ACTION

Housing Committee

Joint Favorable Substitute

Yea 10 Nay 0 (03/10/2009)